

INTERNATIONAL SHOE Co.

SUCCESSORS TO
ROBERTS, JOHNSON & RAND SHOE CO.—PETERS SHOE CO.—FRIEDMAN-SHELBY SHOE CO.
MANUFACTURERS.
1501-1509 WASHINGTON AVE.
ST. LOUIS, MO.

EXECUTIVE OFFICE

St. Louis, Mo.,

Dec. 23, 1918.

To the Stockholders of the International Shoe Co.:

The greatest war in history has been brought to a successful and just conclusion. The world is finally at peace. At the beginning of this war, business was confronted by many difficulties. At first there was a marked decline in prices of all commodities and securities, followed, in a few months, by unprecedented advances in stocks and bonds, in the prices of commodities and in wages.

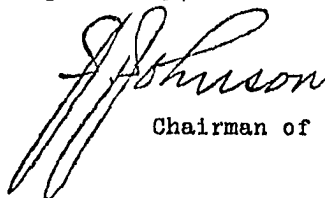
The many problems that have confronted business during the year have been successfully met by this Company, and it has emerged from these unsettled conditions in a stronger position than it was at the beginning. We must not forget, however, that we are now entering a period of reconstruction which will present new problems requiring the display of the most thoughtful judgment.

The officers and directors of this Company recognizing their responsibility and their duty to the stockholders have always felt that the payment from year to year of sure and regular, though conservative, returns to the stockholders was more to be desired than fluctuating and uncertain dividends. This Company and its predecessors, for more than twenty years, have never failed in any year to earn their dividends.

We are pleased to inform you that the Company has closed this business year on November 30th, 1918, with the largest volume of business in its history (\$52,000,000.00) and after paying dividends of 7% on its Common and Preferred stock and after setting aside an amount sufficient to pay the various National, State and Municipal taxes, and also setting up sufficient reserve to cover fully depreciation and maintenance, it has been enabled to add to its reserve a little more than one million dollars so that its surplus now amounts to \$8,185,135.44.

The Company begins the New Year with orders on hand sufficient to insure a good business for the first half of 1919. It is in a stronger financial position than ever before, and your officers and directors look to the future with courage, and with confidence in the continued prosperity of the Company.

Very respectfully,



Chairman of the Board.

U. S. A.

NEW YORK, 75 WALL STREET
 BOSTON, 145 STATE STREET
 PHILADELPHIA, 1421 CHESTNUT STREET
 WASHINGTON, 728 FIFTEENTH STREET, N.W.
 NEW ORLEANS, 228 CARondelet STREET
 PITTSBURGH, 248 FORTH AVENUE
 CHICAGO, 105 SOUTH LA SALLE STREET
 MILWAUKEE, FIRST BUILDING, WISCONSIN STREET
 ST. LOUIS, 415 PINE STREET CORNER BROADWAY
 KANSAS CITY, 924 WALNUT STREET
 DETROIT, 199 GRISWOLD STREET CORNER FORT STREET, W.
 MINNEAPOLIS, 115 SOUTH FORTH STREET
 DALLAS, 1505 MAIN STREET
 SALT LAKE CITY, WALKER BANK BUILDING
 PORTLAND, 329 MORRISON STREET CORNER BROADWAY
 SAN FRANCISCO, 310 CALIFORNIA STREET

CANADA

MONTREAL, 260 ST JAMES STREET
 TORONTO, 2-8 KING STREET, EAST
 WINNIPEG, 211 PORTAGE AVENUE
 MOOSE JAW, 505 WALTER SCOTT BLOCK
 CALGARY, HERALD BUILDING, FIRST STREET, W.
 VANCOUVER, 510 HASTINGS STREET, W.

EUROPE

LONDON, FINNERS HALL, OLD BROAD STREET
 GLASGOW, 135 BUCHANAN STREET
 PARIS, 5 RUE DAUNOU PRES L AVENUE DE L'OPERA

CABLE ADDRESS "MAWIKMIT" FOR ALL OFFICES
 CODES - WESTERN UNION - A B C 5TH EDITION

MARWICK, MITCHELL, PEAT & CO.

CHARTERED ACCOUNTANTS

PARTNERS

MARWICK, MITCHELL & CO.

W. B. PEAT & CO.

616 FEDERAL RESERVE BANK BUILDING

BROADWAY AND PINE STREET

ST. LOUIS December 19, 1918.

We have audited the accounts of the International Shoe Company for the year ended November 30, 1918, and certify that the Balance Sheet appended hereto, properly presents, in our opinion, the financial position of the Company as at that date.

The cash in banks and on hand has been verified by certificates received from the several depositaries, while the accounts and notes receivable are stated after making suitable provision for bad and doubtful debts and discounts. The inventories of manufactured merchandise, raw materials, supplies, etc., as prepared under the supervision of responsible officials of the Company, are valued on the basis of net cash cost or market prices whichever were the lower at November 30, 1918.

Securities and other evidence of ownership in connection with the Company's holdings of Liberty Loan Bonds and other investments, were produced for our inspection, and we have examined the vouchers and other data in support of the expenditures on additions to physical properties during the year under review. The amount charged to operations in respect of the depreciation and maintenance of the physical properties for the year under review is, in our opinion, adequate for these purposes.

All liabilities of the Company at November 30, 1918, of

which we have cognizance, are included in the balance sheet, and provision has been made for the anticipated maximum income and war excess profits taxes to that date.

Marvin Mitchell Peat W

Balance

As at NovembAssets

Current and Working Assets:

Cash in Banks and on Hand	\$ 773,788.79
United States Government Liberty Loan Bonds - net equity therein	435,250.00
Customers Acceptances and Notes Receivable	12,615.24
Accounts Receivable:	
Customers, less Reserve for Bad Debts and Discounts	8,600,517.74
Salesmen's Traveling Advances and Balances due by Officers and Employees	57,191.82
Advances to Employees, secured by Liberty Loan Bonds and Capital Stock of the Company	153,150.38
Inventories:	
Manufactured Merchandise	2,577,264.16
Raw Materials, Supplies, and Merchandise in Process	<u>8,482,505.11</u>
Total Current and Working Assets	21,092,283.24

Expenses Paid in Advance:

Insurance Premiums, Interest, Taxes, and Other Deferred Charges against Operations	125,179.79
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Investments in Stocks and Bonds of Other Companies

37,750.00

Real Estate, Buildings, Machinery and Equipment:

Gross Book Value, as at November 30, 1917	\$ 4,529,606.24
Add - Net Expenditure on Additions to Physical Properties	<u>95,719.01</u>
Total	4,625,325.25

Less - Reserve in respect of Depreciation on Physical Properties

1,214,369.87 3,410,955.38

Goodwill, Trademarks, and Brands

12,750,000.00

Total

\$ 37,416,168.41

ember 30, 1918

Liabilities

Current and Accrued Liabilities:

Notes Payable - Brokers and Individuals	\$ 2,840,000.00
Accounts Payable for Merchandise, Supplies, Etc.	1,728,923.71
Officers and Employees Balances, Deposits, Etc.	<u>177,109.26</u>
Total Current and Accrued Liabilities	4,746,032.97

Reserve for Income and War Excess Profits Taxes	1,585,000.00
Reserve for Dividend on Preferred Stock	150,000.00

Capital Stock:

Authorized in shares of \$100 each -	
127,500 shares of Common and 122,500	
shares of 7% Cumulative Preferred	
Stock	\$ <u>25,000,000.00</u>

Whereof Issued:

Common - 127,500 shares of \$100 each	12,750,000.00
Preferred - 100,000 shares of \$100	
each	<u>10,000,000.00</u>

Total Capital Stock Issued 22,750,000.00

Reserve for Trade Conditions affecting Raw Material	
Market	1,000,000.00

Surplus:

Surplus, as at November 30, 1917	\$ 6,092,254.55
Net Earnings for year	
to November 30, 1918	\$ 4,397,880.89
Less - Provision for	
Federal Taxes	<u>1,585,000.00</u>
Gross Surplus	<u>2,812,880.89</u>
	8,905,135.44

Less - Dividends Declared:

Common Stock - 8%	1,020,000.00
Preferred Stock - 7%	<u>700,000.00</u>
	<u>1,720,000.00</u>

Net Surplus, November 30, 1918 7,185,135.44

Total \$ 37,416,168.41